

IRS News Release

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Toyota and Lexus Vehicles Certified for New Energy Tax Credit

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WASHINGTON — The Internal Revenue Service has acknowledged the certification by Toyota Motor Sales U.S.A., Inc. that the Toyota Camry Hybrid and Lexus GS 450h Model Year 2007 vehicles qualify for the hybrid tax credit enacted by the Energy Policy Act of 2005. The tax credit for hybrid vehicles applies to vehicles purchased on or after January 1, 2006, and may be as much as \$3,400 for those who purchase the most fuel-efficient vehicles.

The hybrid vehicle certifications recently acknowledged by the IRS and their credit amounts are:

- 2007 Toyota Camry Hybrid \$ 2,600
- 2007 Lexus GS 450h \$ 1,550

Starting in 2006, this tax credit replaces the tax deduction of \$2,000, which was previously allowed for taxpayers who purchased a new hybrid vehicle before December 31, 2005 for the clean-burning fuel deduction. The tax credit requires a different certification. Many currently available hybrid vehicles may qualify for this new tax credit.

Consumers seeking the credit may want to buy early since the full credit is only available for a limited time. Taxpayers may claim the full amount of the allowable credit up to the end of the first calendar quarter after the quarter in which the manufacturer records its sale of the 60,000th vehicle. For the second and third calendar quarters after the quarter in which the 60,000th vehicle is sold, taxpayers may claim 50 percent of the credit. For the fourth and fifth calendar quarters, taxpayers may claim 25 percent of the credit. No credit is allowed after the fifth quarter.

More information on hybrid vehicles and other alternative motor vehicles can be found on the IRS's web site at: www.irs.gov.